The EFG-Hermes Telecom Fund

February 28, 2007

EFG - Hermes

ASSET MANAGEMENT FACT SHEET

Fund Manager's Strategy & Outlook

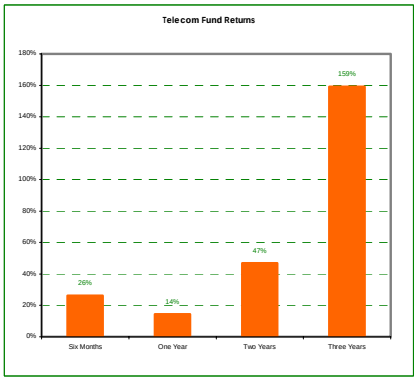
February witnessed a continued surge into positive territory as the EFG-Hermes Telecom Fund gained 5.76% during the month. Robust financial results, coupled with increased news flow in the sector, contributed to the fund's return and bode well for the long term outlook.

News of GSM auctions and takeover activity dominated the telecom sector and these were the driving forces behind the re-rating in valuations. In Saudi Arabia, bids were submitted for the country's third mobile license in a strongly contested auction. Although no winner has been announced, there is a wide consensus that the deal will be executed for more than US$ 5 Billion. Furthermore, Vodafone announced the purchase of a 67% stake in Hutch Essar, the Indian mobile operator, for US$ 11.1 Billion in cash. This triggered a rally in Orascom Telecom (OT)'s share price as the company owns a stake in Hutchison Telecom, Hutch Essar's main shareholder. Moreover, the richer valuations of transactions in the sector are causing a re-rating of telecom stocks regionally.

Mobile Telecommunications Company (MTC) released strong results for 2006. The company, which operates in 20 markets, grew its subscriber base by 98% during the year. Furthermore, the company grew in terms of revenues, EBITDA, and net income by 109%, 78%, and 68% respectively during the period. The company's ambitious plans for growth continue with the announcement of a GDR listing in London in 2008. MTC is considered the favourite to win the auction for the third Saudi GSM license. Moreover, the company is trading at attractive valuations; hence we remain bullish on the stock in the near future.

During the month, Qatar Telecom (Q-Tel) announced results for 2006 and was at the forefront of acquisition activity. Subscribers in Qatar grew by 28%, while Omani subscribers increased by 135% during the year. Additionally, the company reported net income growth of 34%. Towards the end of the month, news of Q-Tel's acquisition of a 51% stake in Wataniya Telecom (NMTC) was announced. The deal gives Q-Tel exposure to Kuwait, Iraq, Tunisia, Algeria, Saudi Arabia and Palestine.

Despite a global sell-off towards the end of the month, we remain cautiously optimistic on the regional prospects. Within the telecom sector, valuations remain attractive, with the weighted expected earnings growth in 2007 remaining well above 20%. Furthermore, with more activity expected in the coming period, we are confident on the sector's outlook.



Objective

Long term capital appreciation through investing in listed and unlisted equities and equity-related securities of telecommunications, media, entertainment, information technology, internet and e-commerce companies and related infrastructure companies established or operating in the Middle East and Africa.

Fund Performance

Returns	Telecom Fund
Month to Date	5.76%
Year to Date	8.65%
Six Months	26.19%

Returns	Telecom Fund
One Year	14.30%
Two Years	46.80%
Three Years	159.14%

Fund Information

NAV per share	USD 31.40
Launch Date	April, 2000
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.75%
Incentive fee	15% of outperformance
Benchmark	10% with a high watermark
Expense ratio	2.14%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294021073
Sedol	0-415-433
Reuters Code	LCFR13, RSJA65, WDRIFMEA1
Bloomberg Ticker	EFGHTEL BH

Fund Characteristics

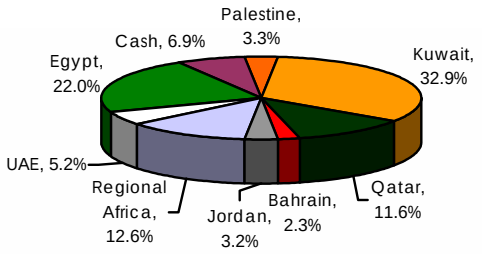
No. of Holdings	15
Wtd. Market Cap.(mm)	USD 9,850
P/E Ratio 07	13.45x
Beta	0.24
Sharpe Ratio	0.31
Tracking Error	24.09%

Top Holdings

Holding	Country	% of NAV
MTC	Kuwait	19.82%
Orascom Telecom	Egypt	15.38%
National Mobile Telecom	Kuwait	11.78%
Qatar Telecom	Qatar	11.56%
Telkom SA	Regional Africa	6.59%

(*) **Country assigned by primary listing**

Allocation By Country



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